
NASHVILLE CHILDREN'S SURGERY CENTER

CN2305-015

**Tennessee Health Facilities Commission
August 23, 2023**

Project Description

- **Establishment of an ambulatory surgical treatment center limited to the performance of general dentistry and oral surgery**
- **Primary focus on serving pediatric patients**
- **Secondary focus on other patients:**
 - **with special needs**
 - **older patients with extenuating neurological or physiological medical conditions**
- **Substantial provider for TennCare patients**

Need, Consumer Advantage and Quality

- **Reduce wait times for pediatric patients requiring OR based dentistry or oral surgery services**
- **Surgical techs and pediatric dental surgeons have experience doing thousands of cases, are best-in-class**
- **More efficient services for patients whose surgical cases are often delayed or deprioritized by hospitals and multi-specialty ASTCs**

HFC Staff Report

- **Specialty ASTC (Dental without Maxillofacial Surgeries):**
 - **Conservative projections**
 - **Easily expandable facility**
 - **Underserved pediatric and TennCare populations**
 - **Only 5 of 22 multi-specialty ASTCs perform dental cases in area, in limited numbers, and only one served a large percentage of patients in the 0-17 age category**
 - **Numerous letters supporting the need for the project advocating for this specialty provider**

HFC Staff Report (continued)

- **Oral and Facial Surgery Center of Dickson:**
 - **Focus on different service area**
 - **Focus includes maxillofacial surgeries**
 - **Less Pediatric**
 - **Less TennCare**
- **Nashville Midtown Surgical**
 - **Focus includes maxillofacial surgeries**
 - **Support letters from maxillofacial surgeons**
 - **Less Pediatric**
 - **Less TennCare**
 - **Extended twice**
 - **Provider ownership**

Company Overview

- **Similar Facilities operating in Maryland (2-Largo Maryland (DC suburb) and Baltimore) and California (Encino)**
- **Facilities under development:**
 - **Minneapolis**
 - **Atlanta**
 - **Detroit**
 - **Chicago**
 - **Northern Virginia**
- **Management affiliate based in Maryland**
- **Affiliated professional practice for each facility increases access to care**

Response to Need

- **Middle Tennessee Diligence Details**
 - **Identified 356 service area dental offices which are TennCare providers, 273 of those treat children**
 - **Found various challenges with access to care**
 - **Interviewed ~40 local dental offices (TennCare providers) about needed solutions**
- **Affiliated facilities have reduced the time to be treated from 6-12 months down to 2-4 weeks**
- **Affiliated facilities in the DC metro area have reduced the cost of OR dental care by 60-75%**
- **Affiliated facilities have enabled several non-profit organizations to begin providing dental services for disadvantaged children who otherwise could not receive care (including undocumented children)**

Governmental and AAAHC requirements/standards

- **AAAHC (“American Association for Ambulatory Health Care”) -industry leading, independent accreditation body for ASTCs**
 - **Routinely monitors ASTCs for safety and quality standards**
 - **In order to obtain AAAHC accreditation, an ASTC must ensure that it follows best-in-class safety standards for:**
 - **Medical Policies and Procedures**
 - **Quality Improvement and Quality Assurance**
 - **Infection Control**
 - **Anesthesia Management**
 - **Governance and management**
- **Leverage existing AAAHC accredited affiliated facilities as a training ground for staff and management, and to mentor NCSC staff in meeting AAAHC standards**

NCSC -Reduce wait times and lower costs

Reducing wait times

- **NCSC: 2-4 week wait time after obtaining medical clearance from their PCP and / or specialists (if required)**
- **Dental patients who need OR dentistry usually have significant dental work required, are in pain, and sometimes cannot eat or function normally**
- **Some hospitals triage limited OR time dedicated to dentistry by only accepting patients who have 3-4 quadrants of teeth that need work, leading to 6-18 month wait times**

Lowering cost of care

- **NCSC affiliated facilities cost 75% less than local alternative facilities***
- **NCSC intends to participate with TennCare and all TennCare MCOs**
- **Over 85% of patients treated at NCSC facilities are covered by Medicaid**

*** Based on a comparison of facility fees paid to NCSC affiliates and facility fees paid to local facilities as published online as per CMS's Price Transparency Rule.**

Consumer Advantages - Choice

- **Middle Tennessee has limited access to OR dental care, especially for children and TennCare recipients**
- **Affiliated facilities have reduced the time to be treated from 6-12 months down to 2 weeks (same or next day for emergency treatments)**
- **Affiliated facilities in the DC metro area have reduced the cost of OR dental care by 60-75%**
- **Affiliated facilities have enabled several non-profit organizations to begin providing dental services for impoverished children who otherwise could not receive care (including undocumented children).**

Consumer Advantages – Improve Access/Availability

- **Easily accessible facility**
- **Will contract with all TennCare MCOs**
- **Will contract with various commercial payors**

Consumer Advantages – Affordability

- **TennCare projected to be approximately 85% of patient population**
- **Charity Care**
- **Partner with Non-profits and Foundations**
- **Provide care for uninsured and self-pay individuals at TennCare rates**

Quality Standards

- **Affiliates have obtained licensure and accreditation surveys at other facilities**
- **NCSC will seek AAAHC accreditation**
- **Affiliate experience with CMS Quality Indicators demonstrates a superior quality provider based on reduced wait times, improved patient and provider reviews vs alternative options**
- **Utilization of safety and operational procedures from affiliated facilities**
- **Utilization of protocols and experience of affiliated facilities to assist in training staff**
- **Compliance with all CMS, CDC and Tennessee guidelines for quality improvement and infection control**

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**Tennessee Health Facilities Commission Presentation
August 23, 2023**

Growth in Middle Tennessee-Construction

- **The total population of the primary service area is projected to increase by 5.9% from 2023 to 2027**
- **Nashville (BNA) airport announced in August, 2023 plans to build a second terminal**
 - **When BNA began its current expansion projects in 2017 it was expected to hit 23.8 million passengers by 2037**
 - **Now expected to reach that point in 2024**
- **Nashville metro area is projected to grow from 2,039,400 in 2022 to 3,182,500 in 2060**
- **56.1% projected population growth in the metro area is the 31st highest of all 384 U.S. metro areas**
- **Nashville has been a top 10 Metropolitan area for population growth over the past seven years, with a 20% population increase in one decade**

Growth in Middle Tennessee

Total Construction Starts

Nashville-Davidson--Murfreesboro

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Forecast 2023
TOTAL CONSTRUCTION					
(\$ Millions)	\$8,910	\$9,992	\$9,938	\$9,097	\$9,851
NON-RESIDENTIAL	\$3,235	\$3,635	\$2,390	\$2,257	\$2,386
Commercial and Manufacturing	\$2,675	\$2,948	\$1,554	\$1,611	\$1,633
Stores and Shopping Centers	\$126	\$153	\$204	\$175	\$172
Office and Bank Buildings	\$1,121	\$1,425	\$313	\$339	\$436
Hotels and Motels	\$647	\$98	\$142	\$143	\$149
Other Commercial Buildings	\$765	\$1,196	\$782	\$920	\$830
Manufacturing Buildings	\$16	\$75	\$114	\$34	\$45
Institutional	\$560	\$688	\$835	\$647	\$752
Education Buildings	\$217	\$251	\$252	\$249	\$296
Health-Care Facilities	\$133	\$198	\$216	\$185	\$197
Other Institutional Buildings	\$209	\$239	\$367	\$212	\$259
RESIDENTIAL	\$5,267	\$5,497	\$7,032	\$6,395	\$6,889
Single Family	\$3,897	\$4,079	\$4,768	\$4,600	\$4,976
Multifamily	\$1,370	\$1,418	\$2,264	\$1,795	\$1,912
TOTAL NON-BUILDING	\$408	\$860	\$517	\$444	\$577
Highways and Bridges	\$226	\$183	\$232	\$216	\$242
Other Public Works	\$84	\$383	\$73	\$27	\$104
Environmental Public Works	\$97	\$282	\$179	\$197	\$227
Electric Utilities	\$1	\$12	\$32	\$5	\$5

Appendix

Case Study: New Core Healthcare (NCSC Parent Entity) and Affiliates

NCH outperforms competition

	NCH	Average
Average cases per day	7.0 - 9.5	3 - 5
Average cancellations per day	0.7	1-2
Most cases treated in a day	14	5
Length of that day ↑	10 hours	10 hours
# of dentists / facility	30+	Few
Anesthesia prov. / facility	6	N/A
Average patient wait time	73 minutes	2 - 4 hours
Average time to get credentialed	2 weeks	6-9 months
Average time to schedule surgeries	3 weeks	6-18 months
Surgery start time	6:00am	7:45am
Average case duration (including anesthesia time)	54 minutes	75 minutes
Average OR Turnover	5-10 minutes	45-60 minutes
Google Review	4.7 stars (319 reviews)	3.5 stars (811 reviews)



Providers love NCH

“I feel less tired after doing 8-9 cases at [New Core Healthcare] than I do after doing 4 cases at [local hospital]. The processes and support staff make all the difference”

– Dr M, Pediatric Dentist

“Getting OR time in hospitals has become increasingly difficult for dental cases and even harder for those with state sponsored insurances that may have the greatest need.”

– Dr A, Pediatric Dentist

“The biggest mistake of the last 5 years of my career was not listening to you the first time you knocked on my door. I didn’t believe that you could do what you said you could do, but this surgery center is amazing.”

– Dr R, Pediatric Dentist

News stories indicating this is a national concern

- **AAPD and Key Partner Organizations Support CMS Proposal to Boost Facility Fee for Hospital Dental OR Cases (November 2022)**
- **Denial of Access to Operating Room Time in Hospitals (May 2021)**
- **ADA: Pediatric dentists sound alarm about being denied OR access (August 2020)**
- **Dental Access in Alabama is shrinking (December 2021)**
- **American Academy of Pediatric Dentistry policy on OR access for... Children and Individuals with Special Health Care Needs (2020)**
- **Pediatric dentists scramble as demand has them fighting for operating room space (August 2021)**
- **ADA: Dental groups ask CMS to improve access to dental surgeries (July 2022)**
- **ADA: CMS establishes new payment code for dental surgeries (November 2022)**

Case Study: Maryland Medicaid decided to pay a higher ASC facility fee in 2015, increased access to dental OR time for dentists

2013 State Commissioned Report¹

Impetus

- Dentists complained about access to care, long wait times
- Hospitals didn't prioritize dental cases

Findings

"Dentists have been told that hospitals would prefer to book higher-revenue services in the OR"

Dentist reports wait times of "about four months" to treat OR patients

"Anesthesiologists... believe that low Medicaid reimbursement rates [for anesthesia] are limiting access"

Recommendations

- Increase rates paid to anesthesiologists for dental OR cases
- Create a facility fee that would enable ASCs to keep their lights on while serving patients

Results for Maryland Medicaid Dentists

NCH Facilities exclusively treat dental patients in an OR setting; two existing facilities bill 10-15 cases per year²

Referred to NCH facilities can be treated within 3 weeks of referral

- Average wait time at local hospitals (Children's National and University of Maryland) are 18-24 months

Dentists prefer having cases done in an ASC

- Lower cost to patients (for privately insurance, no charge to Medicaid enrollees)
- Reduces patient time under anesthesia (lowering risk of adverse events)
- Shorter wait times

Significant savings to Maryland Medicaid as compared to treating patients in the hospital³

Most states are experiencing an issue with lack of access to care

1. Source: Report on Pediatric Restorative Dental Surgery and Analysis of Rates for Anesthesia Services, MD DHMH, 2013. 2. Based on conversations between New Core Healthcare and Maryland Medicaid representatives, there are only 4 facilities in the state that bill the dental OR facility fee, and two rarely bill it. Rates are still not high enough to encourage wide-scale competition for dental OR cases. 3. Assumes \$4,000 hospital payment.

Do pediatric dental cases need to be done in an OR setting?

Standard of care for pediatric patients & patients with special needs

- The standard of care for pediatric patients and patients with special needs who need comprehensive dental care but do not have the mental capacity to stay still for treatment is to treat them in a facility OR setting (ASC or hospital)

“Evidence has demonstrated dental treatment under general anesthesia in the operating room is a necessity, as well as an important component of comprehensive care, to assure optimal health for many, especially those considered high risk”¹

Tennessee law requires coverage of facility fees for dental cases

- **Facility fees** and **anesthesia fees** for dental procedures performed in a hospital or an ASC must be covered by medical insurances under Tennessee law²

Any accident or sickness insurance or hospital, medical service contract or policy under this chapter or chapter 26, 27, 28, 29 or 32 of this title that takes effect on or after July 1, 1997, shall provide for reimbursement of anesthesia expenses, hospital expenses and physician expenses associated with any inpatient/outpatient hospital dental procedure where:

The expense is covered under the contract or policy; and

The procedure is performed on a minor eight (8) years of age or younger and cannot be safely performed in a dental office setting.

OR dentistry is medically necessary and coverage is mandated by Tennessee law

1. Policy on Hospitalization and Operating Room Access for Oral Care of Infants, Children, Adolescents, and Individuals with Special Health Care Needs: https://www.aapd.org/media/policies_guidelines/p_hospitalizationinfants.pdf, accessed 4/4/2023. See also Chi DL, Momany ET, Neff J, et al. Impact of chronic condition status and severity on dental utilization for Iowa Medicaid-enrolled children. *Pediatr Anes* 2010;20(9):856-65; Chang J, Patton LL, Kim HY. Impact of dental treatment under general anesthesia on the oral health-related quality of life of adolescents and adults with special needs. *Eur J Oral Sci* 2014;122(6):363-71; Park JS, Anthonappa RP, Yawary R, King NM, Martens LC. Oral health-related quality of life changes in children following dental treatment under general anesthesia: A meta-analysis. *Clin Oral Investig* 2018;22(8):2809-18.

2. TN Code § 56-7-2353 (2021)

Patients who are not treated in an OR often get treated in an emergency room

Safety Concerns with Dental Office Sedation



Dental ER Visits



- Children die at a significant rate following in dental office sedation for dental treatment (85 patients died in Texas alone from 2010 to 2015¹)
- Many deaths can be prevented by following rigorous Policies and Procedures (“P&Ps”) required at ASCs and hospitals
 - ASC accrediting and licensing bodies inspect P&Ps to ensure they cover the correct content, then observe ASC employees and staff to ensure compliance with P&P manual

- There are over 2mm visits to the Emergency Room (“ER”) each year as a result of dental pain, representing nearly 2% of all ER visits³
- ER visits can cost \$400 to \$1,500 vs \$90 to \$200 for a dentist visit⁴
- ERs rarely have dentists on staff and so are ill-equipped to resolve root causes of dental pain⁵
- “The ED was families’ last resort; parents took their child to the ED because of the lack of other options in their communities rather than a belief that the ED was the best choice for dental care. The current pattern of ED use resulted in stress for these parents and repercussions for the children (e.g., pain, longer waiting, and increased complications); further, it has been shown in the literature to be an economic strain on the health system.”⁶

OR dentistry keeps children out of the ER

1. See <https://www.marjoriestieglermd.com/why-are-kids-dying-at-the-dentist/>, accessed 1/29/2021. 2. 16.5.15.12.C.7.A. 3. Wall et al., 2013, referencing visits in 2010. 4. See https://www.ada.org/~media/ADA/Public%20Programs/Files/ER_Utilization_Issues_Flyer.ashx, accessed 4/2/2021. 5. See <https://www.ada.org/en/public-programs/action-for-dental-health/er-referral>, accessed 4/2/2021. 6. Haqiqi et al., 2012.

Many healthcare providers avoid serving Medicaid patients

Disadvantages of Medicaid to hospitals and anesthesiologists

Low fees for facility and anesthesia

Pediatric population increases liability

Patients hard to deal with

OR dental cases are cash flow negative for hospital operating rooms and anesthesiologists

If hospitals made money treating dental cases, they would find / make OR time for dentists

Consequences

- Hospitals restrict access to dentists to minimize financial losses
- Patients who need care the most go untreated for long periods
- The most profitable procedures for dentists can't be performed
- Patients suffer, may go to ER to solve emergency dental pain
 - Some patients may suffer adverse incidents (i.e. Deamonte Driver)

New Core Healthcare company profile

About New Core Healthcare

New Core Healthcare is a for-profit business founded to help change healthcare in the US

- 62% of personal bankruptcies are related to medical expenses
- Surgical care costs over \$600bn per year
- Hospitals are not designed to provide care efficiently, and so are not able to serve the most needy, lowest reimbursing segments of the population
- New Core Healthcare is designed to save state Medicaid and private insurances money across the country by shifting the site of care out of hospitals and into high-efficiency ASC's

Company Focus and Niche

The Core Focus of NCH is to transform the US healthcare system to be efficient, affordable and accessible

- **Efficient:** Move quickly and eliminate wasted time and resources
- **Affordable:** Reduce the cost of treatment
- **Accessible:** We offer the lowest prices, accept almost all insurances and offer shorter wait times before scheduling appointments

The Niche of NCH is providing safe general anesthesia for patients requiring dental care, especially for:

- Pediatric patients
- Patients with special needs
- Adult patients with extensive surgery or extreme dental needs